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C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 001167

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E.O. 12958: DECL: 09/21/2016

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SUBJECT: AMBASSADOR'S FAREWELL CALL ON PRIME MINISTER
TOPOLANEK

Classified By: Political-Economic Counselor Michael Dodman for reasons
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11. (C) SUMMARY. Ambassador Cabaniss met with new Czech Prime Minister Mirek TopolaneK on September 21. TopolaneK offered thanks for the Ambassador's efforts to promote bilateral relations, and expressed a desire to continue close ties in the fields of joint security, intelligence sharing and business. He acknowledged that the prospects for his government are uncertain, but expressed hope that he would lead a stronger government next year, after early elections.
END SUMMARY

12. (C) Ambassador Cabaniss paid his first formal call on new Czech PM TopolaneK on September 21. This was also the Ambassador's farewell call on the Civic Democratic Party (ODS) Chairman, with whom Ambassador had worked closely in the past. TopolaneK was in good spirits and spoke in English for most of the meeting. Early on TopolaneK addressed the question of the upcoming vote of confidence, due in the first week in October, saying he could not predict its outcome. But when the Ambassador said that he hoped to be able to send TopolaneK a congratulatory e-mail when he receives a mandate to rule for four years, TopolaneK cocked his head to one side and said "next year," implying that he would only receive such a mandate after possible early elections in 2007. TopolaneK acknowledged his government's uncertain position. He said, "We've been preparing for the NATO summit this November in Riga, though we're not sure we'll still be in government." He also said, "If we survive past the New Year, I'd like to pay an official visit to the U.S. Until then it's not possible to discuss the matter."

13. (C) The Ambassador expressed the hope that intelligence sharing, which has been very good in the past, would not be negatively affected by recent changes in the management structure of Czech intelligence. The Prime Minister said that UZSI, the foreign intelligence branch, "has been effective and we don't want to change that." He explained that "I want it to continue to be effective, but not be misused or influenced by individual politicians." TopolaneK said USZI would "be better" once it was "under parliamentary control." (Note: UZSI currently reports to the Interior Minister, and therefore does not have direct parliamentary oversight; BIS, the domestic counter-intelligence service, reports directly to the Prime Minister and has direct parliamentary oversight. On September 20 the cabinet voted to remove Karel Randak as head of UZSI and name BIS Director Jiri Lang as acting chief of UZSI, with the intention of eventually joining the two services.) The Prime Minister also offered his opinion that "with regard to military intelligence, things are better than they were a few years ago," now that the Czechs have gotten rid of some of the

agents from the old days. Topolanek said the Czech Republic must be a "credible partner for both NATO and the U.S." The Prime Minister also described his new Defense Minister, non-party member Jiri Sedivy, who had until recently been on the faculty at the Marshall Center in Garmisch, as "a good choice, overeducated and overqualified, but much better than some ambitious ex-general."

14. (C) Topolanek also touched on the issues of overseas deployments, missile defense, and energy security. On the first issue, the Prime Minister said the defense budget will be low next year and that deployments will reflect the nation's "capacity and funding, not will." On missile defense, Topolanek (who has always been a strong supporter of a possible U.S. missile defense facility) said it was a good that the schedule for a USG decision on a Central European facility had slipped from the planned August timeframe as it meant that opposition leader Paroubek could not "use the issue" in the upcoming local elections. Finally, on energy security, Topolanek said that the pressure from Russia on gas, oil, and even electricity is growing and increasing the need for diversification in energy sources. He raised questions about the real owners of the Polish oil firm PKN Orlen (which in turns owns the Czech Unipetrol), saying, "we have information that the Poles aren't the real ones in control," and added "this is a very sensitive point for Czechs." Topolanek said he sees aspects of oil and gas in Russian foreign policy and told the Ambassador "we want your power behind us on this issue."

15. (C) Topolanek said the only problem in bilateral relations is visas. He said he was against the idea of imposing any kind of reciprocal measures against Americans, but added that "this will be a big problem within the context of our EU

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membership."

16. (C) Returning to questions of domestic politics, Topolanek tried to describe the difficulty he has already had in his short time in office. After Ambassador Cabaniss expressed the importance of integrity and honesty in government, Topolanek said, "I understand you. We've been fighting a tough rival - business structures linked to structures of the state. They are against us and would not be happy with our anti-corruption campaign." As an example, Topolanek explained that his government had decided to discontinue certain subsidies on the production of biofuel, an issue over which allegations of scandal surfaced during the Paroubek administration, and that he had been surprised by the scale of the protests from impacted interests. He termed this "a test for our government."
CABANISS